

**PROPOSED AMENDMENTS TO REGULATIONS 15.1594-7, 15.530-1,
15.585.7-4, and 15.585.7-5; and PROPOSED DELETION OF REGULATIONS
15.1594-5, 15.1594-8, 15.490.1b-1, 15.510.1-4, and 15.585.7-3**

PURPOSE: To delete provisions applicable to corporate licensees and certain affiliates of such corporate licensees; to make changes to prohibitions with respect to the distribution or transfer of securities in the context of documents required to be filed and materially untrue, incorrect or misleading information; to delete provisions pertaining to effective dates of certain regulations; to delete provisions applicable to corporate licensees and holding companies that prohibit, without prior commission approval, restrictions on the transfer of, or agreements not to encumber, an equity security; to make changes to the requirements concerning when findings of suitability, licensing, and/or registration are required of stockholders of corporate licensees; to make changes to the requirements concerning findings of suitability, licensing, and/or registration of corporate holding companies and stockholders of corporate holding companies; to set out the investigative fees for such changes; to waive certain requirements regarding registration of holding companies with the commission; to delete the regulatory prohibition concerning foreign corporations holding a license issued by the commission in line with statutory changes; to clarify those officers, employees and directors of holding companies who may be required to be found suitable or licensed; and to take such additional action as may be necessary and proper to effectuate these stated purposes.

**REGULATION 15
CORPORATE LICENSEES**
(Draft Date September 29, 2011)

New
[Deleted]

~~**[15.1594-5 Certain affiliates of corporate licensees.**~~

~~(a) A corporate licensee shall not engage in any act or transaction by virtue of which any other corporation or other form of business organization becomes, and shall not in any manner suffer any other corporation or other form of business organization to be or to become a controlled affiliate of such corporate licensee without the prior approval of the commission.~~

~~(b) Neither a corporate licensee nor any person directly or indirectly controlling such corporate licensee shall engage in any act or transaction by virtue of which any other corporation or other form of business organization becomes, or is suffered to be or to become, under common control with such corporate licensee without the prior approval of the commission if such other corporation or other form of business organization is engaged in business transactions directly relating to the activities of the corporate licensee, for which activities a gaming license is required.~~

~~(c) Any controlled affiliate or other corporation or other form of organization with respect to which the prior approval of the commission is required by Regs.~~

~~15.1594-5(a) or (b) shall be subject to, and comply with, NRS 463.510, 463.540, 463.560 and the regulations thereunder.~~

~~(d) The provisions of Regs. 15.1594-5 shall not apply to any corporation which is wholly owned by a licensee, or by persons who have been licensed or found suitable with respect to ownership of the corporate licensee, or by any combination thereof.]~~

15.1594-7 Prohibitions with respect to the distribution or transfer of securities. It shall be grounds for disciplinary action under the Act and regulations if any person shall, in connection with the purchase or sale of any security issued by a corporate licensee or a holding company, or in connection with any document required to be filed pursuant to these regulations or the Act:

(a) Employ any device, scheme or artifice to defraud; or

(b) Make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or

(c) Engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person;

where such device, scheme, artifice, statement, act, practice or course of business relates to gaming or the revenues from gaming or gaming operations; or

(d) Causes any document, correspondence, filing or statement containing materially untrue, incorrect or misleading information to be made or filed with the board or commission, regardless of whether said information has been made or filed with another regulatory agency.

~~[15.1594-8 Effective dates. Regs. 15.510.1-4 and 15.585.7-3 shall be effective only with respect to restrictions imposed and agreements not to encumber entered into on or after August 1, 1975.]~~

~~[15.490.1b-1 Policy against gaming licenses for non-Nevada corporations. It is the policy of the commission that, ordinarily, it will not grant a state gaming license to a corporation which is not incorporated in the State of Nevada.]~~

~~[15.510.1-4 Certain transactions prohibited—corporate licensee.~~

~~(a) Except as permitted by subsection (b), no restriction on the transfer of, or an agreement not to encumber, an equity security issued by a corporate licensee, whether imposed by the issuer or by the holder or by any other person, shall be effective for any purpose whatsoever unless such restriction or agreement is approved in advance by the commission, in writing by the board chairman or his designee, or unless such restrictions are otherwise required by the Act or by the regulations.~~

~~(b) The following restrictions on the transfer of a security are permitted without the necessity of prior approval pursuant to subsection (a):~~

~~(1) Any restriction on resale which is required for compliance with the Federal Securities Act, or the Federal Securities Exchange Act, or a general securities law of any state;~~

~~(2) Any restriction which results from a “stop-transfer order” given to a transfer agent by the holder of a security on the grounds that a certificate has been lost or stolen; and~~

~~(3) Any restriction which arises from a binding contract to sell or hypothecate a security in a current transaction which will be consummated, if at all, in nine months or less.]~~

15.530–1 ~~[Individual]~~ Licensing of stockholders of corporate licensee~~s~~.

1. Except as provided in subsection 2, each ~~[individual]~~ person must be licensed before they may:

(a) Own ~~[an]~~ more than 5 percent of the equity security~~y~~ies issued by a corporate licensee, or

(b) Hold ~~[any]~~ more than 5 percent of the security~~y~~ies issued by a corporate licensee which give~~s~~s the holder~~s~~s voting rights in the corporation.

2. No Change.

3. All stockholders owning or holding 5 percent or less of the equity and voting securities of a corporate licensee, other than a publicly traded corporation, must register in that capacity with the board and affirmatively state in writing that they submit to the board's jurisdiction. Such registration must be made on forms prescribed by the board chairman. A stockholder who is required to be registered by this section shall apply for registration within 30 days after the stockholder obtains an ownership interest of 5 percent or less in a corporate licensee.

4. Registration with the board shall:

(a) Include a completed application for registration form as prescribed by the board chairman;

(b) Include fully executed waivers and authorizations as determined necessary by the board chairman to investigate the registrant;

(c) Include an affirmative statement that the registrant submits to the jurisdiction of the board;

(d) Include three sets of fingerprints of the registrant;

(e) Be accompanied by a fee to cover registration investigation costs as follows:

(1) For registrations related to 2 or fewer restricted licenses, an investigative fee in the amount of \$550.00 and

(2) For all other registrations, an investigative fee in the amount of \$1,000.00.

→ This fee does not include the application fee or investigation costs should the board chairman require the registrant to apply for licensure; and

(f) Include such other information as the board chairman may require.

5. The board chairman may require a stockholder who is required to be registered by this section to apply for licensure at any time in the chairman's discretion by sending notice through the United States Postal Service to the registrant at the address on the registrant's registration on file with the board and to the corporate licensee at the address on file with the commission. If a

stockholder required to be registered by this section has not registered and the board chairman desires to call the stockholder forward for licensing, the notice shall be sent to the corporate licensee at the address on file with the commission. A stockholder shall apply for licensure as required by the board chairman within 40 days of the stockholder's receipt of notice. The notice shall be deemed to have been received by the stockholder 5 days after such notice is deposited with the United States Postal Service with the postage thereon prepaid.

6. If a stockholder is required to be registered pursuant to this section and the stockholder fails to register, the chairman shall require the stockholder to apply for licensure pursuant to this section. If a stockholder does not apply for licensure as required by this section, the board and commission shall place the matter on their next available agendas for consideration of whether the stockholder should be licensed.

7. If a stockholder of a corporate licensee is a holding company and is required to register with the board under this section, the stockholder is not required to register with the commission pursuant to NRS 463.585 unless the chairman requires the stockholder to apply for licensure.

8. In enacting this regulation section, the commission finds that waiver of NRS 463.585 pursuant to NRS 463.489 is appropriate to the extent required by this section. In making this waiver, the commission finds such waiver is consistent with the state policy set forth in NRS 463.0129 and NRS 463.489 because such waiver is for purposes including but not limited to fostering the growth of the gaming industry which is vitally important to the economy of the State and the general welfare of its inhabitants and broadening the opportunity for investment in gaming. The commission further finds such waiver does not diminish the board's and commission's roles in strictly regulating gaming and effectively controlling the conduct of gaming by business organizations because the board and commission still require, at a minimum, registration with the board of all persons involved with gaming and may call such persons subject to registration with the board forward for licensure, registration with the commission, or findings of suitability.

~~[15.585.7-3 Certain transactions prohibited—holding company.~~

~~(a) Except as permitted by subsection (b), no restriction on the transfer of, or an agreement not to encumber, an equity security issued by a holding company, whether imposed by the issuer or by the holder or by any other person, shall be effective for any purpose whatsoever unless such restriction or agreement is approved in advance by the commission, in writing by the board chairman or his designee, or unless such restrictions are otherwise required by the Act or by the regulations.~~

~~(b) The following restrictions on the transfer of a security are permitted without the necessity of prior approval pursuant to subsection (a):~~

~~(1) Any restriction on resale which is required for compliance with the Federal Securities Act, or the Federal Securities Exchange Act, or a general securities law of any state;~~

~~(2) Any restriction which results from a “stop-transfer order” given to a transfer agent by the holder of a security on the grounds that a certificate has been lost or stolen; and~~

~~(3) Any restriction which arises from a binding contract to sell or hypothecate a security in a current transaction which will be consummated, if at all, in nine months or less.]~~

15.585.7–4 ~~[Individuals]~~ Stockholders of holding companies.

1. Each ~~[individual]~~ stockholder of a holding company must be ~~[individually]~~ found suitable to be a stockholder or, in the discretion of the commission, be licensed if the stockholder owns more than 5 percent of any licensee owned by the holding company.

2. All stockholders of a holding company which own 5 percent or less of any licensee owned by the holding company must register in that capacity with the board and affirmatively state in writing that they submit to the board’s jurisdiction. Such registration must be made on forms prescribed by the board chairman. A stockholder who is required to be registered by this section shall apply for registration within 30 days after the stockholder obtains an ownership interest in the holding company.

3. Registration with the board shall:

(a) Include a completed application for registration form as prescribed by the board chairman;

(b) Include fully executed waivers and authorizations as determined necessary by the board chairman to investigate the registrant;

(c) Include an affirmative statement that the registrant submits to the jurisdiction of the board;

(d) Include three sets of fingerprints of the registrant;

(e) Be accompanied by a fee to cover registration investigation costs as follows:

(1) For registrations related to 2 or fewer restricted licenses, an investigative fee in the amount of \$550.00 and

(2) For all other registrations, an investigative fee in the amount of \$1,000.00. → This fee does not include the application fee or investigation costs should the board chairman require the registrant to apply for a finding of suitability; and

(f) Include such other information as the board chairman may require.

4. The board chairman may require a stockholder who is required to be registered by this section to apply for a finding of suitability at any time in the chairman’s discretion by sending notice through the United States Postal Service to the registrant at the address on the registrant’s registration on file with the board and to the holding company at the address on file with the commission. If a stockholder required to be registered by this section has not registered and the board chairman desires to call the stockholder forward for a finding of suitability, the notice shall be sent to the holding company at the address on file with the commission. A stockholder shall apply for a finding of suitability as required by the board chairman within 40 days of the individual’s receipt of notice. The notice shall be deemed to have been received by the individual 5 days after such

notice is deposited with the United States Postal Service with the postage thereon prepaid.

5. If a stockholder is required to be registered pursuant to this section and the stockholder fails to register, the chairman shall require the stockholder to apply for a finding of suitability pursuant to this section. If a stockholder does not apply for a finding of suitability as required by this section, the board and commission shall place the matter on their next available agendas for consideration of whether the stockholder should be found suitable.

6. If a stockholder of a holding company is also a holding company and is required to register with the board under this section, the stockholder is not required to register with the commission pursuant to NRS 463.585 unless the chairman requires the stockholder to apply for a finding of suitability.

7. In enacting this regulation section, the commission finds that waiver of NRS 463.585 pursuant to NRS 463.489 is appropriate to the extent required by this section. In making this waiver, the commission finds such waiver is consistent with the state policy set forth in NRS 463.0129 and NRS 463.489 because such waiver is for purposes including but not limited to fostering the growth of the gaming industry which is vitally important to the economy of the State and the general welfare of its inhabitants and broadening the opportunity for investment in gaming. The commission further finds such waiver does not diminish the board's and commission's roles in strictly regulating gaming and effectively controlling the conduct of gaming by business organizations because the board and commission still require, at a minimum, registration with the board of all persons involved with gaming and may call such persons subject to registration with the board forward for licensure, registration with the commission, or findings of suitability.

15.585.7–5 Officers and directors of holding companies. Any person who has a relationship to a holding company of a type described in Regulations 16.410~~[(b), (c), (d) or (e)]~~ and 16.415 with respect to publicly traded corporations may be required to be found suitable or to be licensed.